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Directive No. 107

April 16, 1992

GROUP SELF-INSURED FUNDS

It has been brought to my attention that there are operating in Louisiana a number of group self-insured funds providing workers compensation insurance, and that there is currently very little state regulation of these funds.

These funds have become popular with employers looking for an alternative to the assigned risk pool because of the high costs involved. However, if a group self-insured fund should fail, the Louisiana Insurance Guaranty Association is not liable for the claims.

In order to make sure that employers and workers in Louisiana are protected to the fullest extent possible by the state, effective April 16, 1992, I am placing a moratorium on the creation of new group self-insured funds.

We will study the feasibility of increased state regulation of group self-insured funds and this moratorium will remain in effect until the completion of the study.

James H. "Jim" Brown
Commissioner of Insurance

JHB:cmr

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